



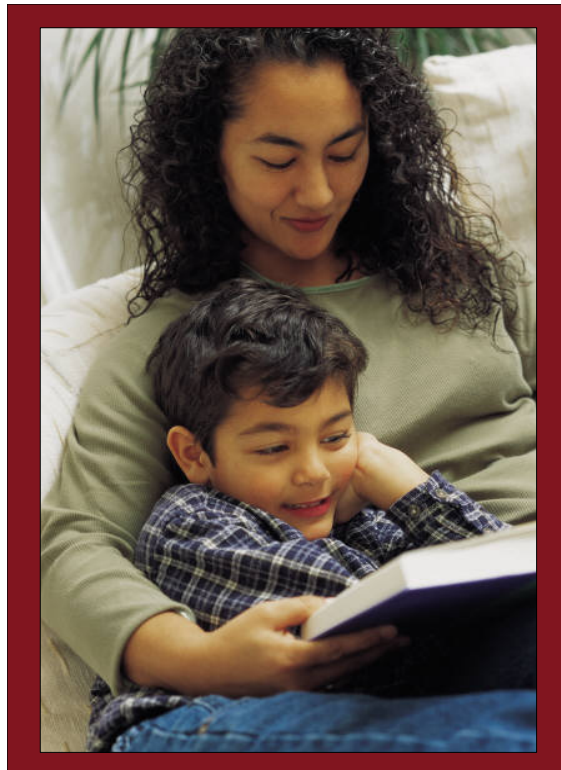
## **Nevada Prepaid Tuition Program**

**Fall 2005**

**Program Description and**

**Contract Enrollment Booklet**

*Save Now for the Cost of Tomorrow's Tuition*



**Enroll September 30, 2005 - February 28, 2006**

**555 East Washington, Suite 4600  
Las Vegas, NV 89101**

**Website: <http://NevadaTreasurer.gov>**

## **SUMMARY OF BENEFITS**

### **\* FEATURES & BENEFITS**

Nevada Prepaid Tuition Program pays for undergraduate tuition.

### **\* COMPATIBILITY**

It is compatible with the Millennium Scholarship Program and 529 College Savings Plans.

### **\* PEACE OF MIND FOR PARENTS**

Locks in the cost of tomorrow's tuition and is safe and affordable. You are in charge of your contract.

### **\* HOPE & OPPORTUNITY FOR YOUNG CHILDREN**

Encourages students to excel and provides an easy opportunity to save for higher education. You will know your tuition costs.

### **\* FLEXIBILITY**

You may change your plan or beneficiary, and benefits are transferable. Students have 10 years after high school graduation (or up to the age of 30) to utilize tuition benefits.

### **\* PORTABILITY**

You may use benefits at any accredited college/university anywhere in the world.

### **\* TAX INCENTIVES**

Prepaid tuition earnings are currently tax exempt when benefits are used for higher education.

### **\* PAYMENT OPTIONS**

Pay by lump sum or 5-year monthly and extended monthly installments with down payment options.

### **\* PAYMENT METHODS**

Cash, Check, Money Order, ACH, Credit Card and Payroll Deduction.

**Enroll Online at: <http://NevadaTreasurer.gov>  
through February 28, 2006**

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**STATE OF NEVADA  
OFFICE OF STATE TREASURER**

101 North Carson Street  
Carson City, Nevada 89701  
(775) 684-5600

September 30, 2005

Dear Nevada Parents, Grandparents and Families:

In the past 8 years, more than 11,240 Nevada children have received the promise of a bright future – a college education. As your State Treasurer and the Administrator of the Nevada Prepaid Tuition Program, I am extremely proud of Nevada's success and what it means to our future generations. An increasing number of Nevada families have given their children the gift of higher education, making our program one of the strongest in the country.

The Fall 2005 enrollment period marks the eighth year of the Nevada Prepaid Tuition Program, a program designed to give families the opportunity to deliver the promise of a college education to their children. Thanks to the affordability and payment options of the Nevada Prepaid Tuition Program, Nevada families can prepare now for their children's future by locking in the cost of tomorrow's tuition.

We all want the absolute best for our children. As the father of three young daughters, my wife and I, like many parents, understand the value of planning ahead for the cost of a college education. All of our children have been enrolled in the Nevada Prepaid Tuition Program since they were newborns, thereby securing their college education. Of the many decisions we have made as parents, this one has given us true peace of mind.

The Nevada Prepaid Tuition Program, coupled with the Millennium Scholarship Program and the UPROMISE 529 College Savings Plans, symbolizes Nevada's commitment to higher education. In this prosperous state and ever-changing world, Nevada children deserve the promise of a college education.

Best regards,

A handwritten signature in blue ink, appearing to read "Brian K. Krolicki".

Brian K. Krolicki  
State Treasurer





## **Nevada Prepaid Tuition Program:**

### **A SUMMARY**

The Nevada Prepaid Tuition Program (“Program”) allows parents, grandparents, businesses and others to pre-purchase undergraduate tuition credit hours for a child at any Nevada public university or college. No family relationship is needed between the purchaser and the child.

The Program also provides benefits if a student chooses to attend a private or out-of-state college or university, although it may not completely cover full tuition costs at more expensive schools. The Program will pay the same benefit to a Nevada school or an out-of-state school.

Section 529 of the Internal Revenue Code permits states and state agencies to sponsor qualified tuition programs (“529 Plans”), which are tax-advantaged programs intended to help individuals and families pay the costs of higher education. The Nevada Prepaid Tuition Program is a 529 Plan sponsored by the state of Nevada. Even if you do not live in Nevada, you may invest in the Program. The Nevada Higher Education Tuition Trust Fund (the “Trust Fund”) is a trust created by the state of Nevada.

Nevada offers five different 529 Plans, including this Program. When you invest in the Program, you are purchasing a contract for tuition credit hours from the Trust Fund. Management of the Trust Fund is overseen by The Board of Trustees of the College Savings Plans of Nevada (the “Board”), whose chairman is State Treasurer Brian K. Krolicki. This five-member Board has both public and private sector members who oversee the program. By law, the Board must have representation from the academic, business and financial fields.

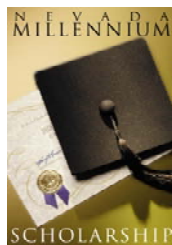


This Program is designed to help students and their families save for a future college education. The Program is an important part of Nevada's strong commitment to higher education, students and their families. Over 11,240 Program contracts have been purchased since the Program began in 1998. Approximately 1,000 students are currently using their Program benefits at Nevada public universities and colleges, independent (private) colleges and over 100 out-of-state institutions.

**Tax disclaimer: In order to comply with United States Treasury Department regulations, we advise you that this Program Description is not intended to constitute, nor does it constitute, legal or tax advice. This Program Description was developed to support the marketing of the Program and cannot be relied upon for purposes of avoiding the payment of federal tax penalties. You should consult your legal or tax advisor about the impact of these rules on your individual situation.**

### **COMPATIBILITY WITH MILLENNIUM SCHOLARSHIP AND 529 COLLEGE SAVINGS PLANS:**

Your Program contract is compatible with the Millennium Scholarship Program and 529 College Savings Plans. Get a great rate on tuition with this Program and use the Millennium Scholarship or 529 College Savings Plans for other expenses, like books, room and board, fees, and supplies. The 529 College Savings Plans can even be used for graduate school.



## DIFFERENCE BETWEEN 529 PLANS:

The Nevada Prepaid Tuition Program is one of five different 529 plans offered by the state of Nevada. You may wish to review the four other Nevada 529 Plans also to determine which plan is best for you. Information about all five Nevada plans can be accessed from our website: **<http://NevadaTreasurer.gov>**. If you are a taxpayer or resident of another state, be sure to learn whether state tax or other benefits may be available to you under your state's state-sponsored plans. In comparing all Nevada 529 Plans, please take into account the following factors.

- Investors who decide not to use their account funds for higher education purposes and request refunds from the Nevada Prepaid Tuition Program will receive all their contributed funds back minus a one-time \$100 termination fee and receive interest at the rate allowed by the Board (currently zero percent). See Section 8 of the Contract Terms on page 44. Investors who withdraw from the other Nevada 529 College Savings Plans will only receive the current market value of their investments, which may be more or less than their contributions, based upon market risk factors. If they receive more than their contributions in earnings, they will be subject to an IRS 10% penalty on their earnings and will have to pay taxes on those earnings.
- We recommend that you review the most recent actuarial evaluation report for the Nevada Prepaid Tuition Program, which may be accessed from our website: <http://NevadaTreasurer.gov>. During the 2005 fiscal year, the stabilization reserve/(deficit) position of the Program increased from a stabilization reserve of \$1,961,058 to a stabilization reserve of \$5,704,298, which is 6.2% of obligations. That report concluded that the Program is actuarially sound and the current balance of the Trust Fund is estimated to have a 61% probability of being adequate to satisfy all Program obligations.
- The Nevada Prepaid Tuition Program may only be used to pay for tuition. The other Nevada 529 College Savings Plans may be used to save for tuition, books, room and board, fees and supplies but the investor will not receive the benefit of the lower tuition cost provided by the Nevada Prepaid Tuition Program.



- Saving under the Nevada Prepaid Tuition Program will completely cover full tuition at Nevada's public two and four-year colleges and universities for which the Nevada Prepaid Tuition Program is designed.

- The Nevada Prepaid Tuition Program funds are professionally invested for you in the investment mix selected by the Board for the assets of the Trust Fund. The other Nevada 529 College Savings Plans offer a number of investment options and the opportunity to change investment options, but you will need to make these individual investment decisions and assume the associated risk.

- Funds invested in the Nevada Prepaid Tuition Program are pooled in the Trust Fund. The Board contracts on your behalf with professional investment managers, actuaries and auditors to make informed investment decisions for the Trust Fund. Funds invested in the other Nevada 529 College Savings Plans are not pooled but are treated as funds held in individual accounts. Investors must make their own decisions about where and when to change investments. Pooled funds are subject to the risk that benefit payments in early years may deplete funds available to pay benefits in the later years of the Program if tuition costs exceed projections or investment returns lag projections.

### **CURRENT ACTUARIAL REPORT:**

By law, an actuarial evaluation must be performed annually to determine the Program's ability to pay future benefits. As of June 30, 2005, the Program is actuarially sound and would be able to pay benefits through 2026 even if no new contracts were issued. The actuarial report states that the Program currently has sufficient assets to cover the actuarial estimated value of the tuition obligations under all contracts outstanding. The next actuarial evaluation will cover the fiscal year ending June 30, 2006. Upon completion of every annual actuarial evaluation, an annual report, including the evaluation, is prepared and posted on our website: <http://NevadaTreasurer.gov>.





## **NEVADA PREPAID TUITION PROGRAM AGREEMENT:**

Under the contract terms (pages 37 to 47), the Program will agree to make payment of undergraduate tuition credit hours for the educational benefits for which you have paid. The Program agrees to pay in-state tuition at public two and four-year colleges and universities in Nevada. It is important that you understand the nature of this agreement. The Program was created by Nevada's Legislature and is managed by the Nevada Treasurer's office. The Program must operate and finance its activities only through its assets. To protect its assets from other uses by the State, only the Board, and not the State, controls its assets. Your contract is a prepaid tuition contract with the Board of Trustees of the College Savings Plans of Nevada. All assets from Trust Fund contracts will back your contract and all other contracts. Because the Program's agreement is based on those assets, it is limited. Your contract is not an obligation of the state of Nevada and neither the full faith and credit nor taxing power of the State is pledged directly or indirectly or contingently, morally or otherwise, to the payment of the contract. The Board cannot directly or indirectly or contingently obligate morally or otherwise, the State to levy or pledge any form of taxation whatsoever or to make any appropriation for the payment of the contract. The Legislature would need to appropriate funds, a discretionary act, for any state subsidy to the Program. In order to protect you and your beneficiary, an actuarial review and audit is made annually and future contract sales may have prices adjusted to protect the Trust Fund's actuarial soundness. If the assets backing contracts are not sufficient to maintain the Program's actuarial soundness, these assets could be returned to you and other purchasers on a pro rata basis.





### **ELIGIBILITY TO ENTER INTO A NEVADA PREPAID TUITION PROGRAM CONTRACT:**

The purchaser and beneficiary must meet all the eligibility criteria to enter into a contract. The purchaser or beneficiary must reside in Nevada, or if the purchaser is not a Nevada resident, must have graduated from a university or college in Nevada. The purchaser may enroll online at: <http://NevadaTreasurer.gov>, or mail the completed enrollment form, enrollment fee, and any necessary payments to the Program office, or take it to a state of Nevada Treasurer's Office. If the purchaser is a Nevada resident or Nevada graduate, then the beneficiary need not be a Nevada resident at the time of purchase but must be within the age or grade requirements provided on the price chart.

### **ADMINISTRATIVE COSTS:**

Program fees are listed below on the fee schedule. The Board may impose fees for the purpose of administering the Program.

### **FEE SCHEDULE**

The Board has established the following fees:

<b><u>TYPE OF FEE</u></b>	<b><u>AMOUNT</u></b>
Document replacement fee (coupon book).....	\$7.00
Enrollment fee.....	\$100.00
Late fee for lump sum payment.....	\$15.00 for 1st month then 1% of outstanding balance per month
Late fee on monthly payments received more than 15 days past due .....	\$15.00
Out-of-state school processing fee.....	\$25.00
Payment option change fee.....	\$20.00
Plan change fee.....	\$20.00
Purchaser change fee (waived in case of death).....	\$20.00
Returned payment.....	\$25.00
Substitute qualified beneficiary.....	\$20.00
Termination fee (waived in case of beneficiary's death, disability or full scholarship).....	\$100.00

**Future administrative fees may be set by the Board.**

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through February 28, 2006**



### **EDUCATIONAL BENEFITS PROVIDED:**

**The Four-Year University Plan Contract** provides 120 credit hours of tuition at a Nevada public university. That is the average number of credit hours required for a standard four-year undergraduate baccalaureate degree.

**The Two-Year University Plan Contract** provides 60 credit hours of tuition at a Nevada public university.

**The Two-Year Community College Plan Contract** provides 60 credit hours of tuition at any Nevada community college.

**A Combination Two-Year Community College plus Two-Year University Plan Contract** is a combination plan that provides 60 credit hours of tuition at a Nevada community college, plus 60 credit hours of tuition at a Nevada public university.

Any of these plans will pay the same dollar benefit for use at any out-of-state university or college which has a federal school code. The United States Department of Education assigns a number called a federal school code to each school that is qualified to disburse federal financial aid. Students who attend an out-of-state university or community college will be responsible for paying the difference between the out-of-state and in-state tuition cost.

The Program does not cover room, board, books, fees and other expenses.

### **MONTHLY INSTALLMENT PURCHASE CONTRACTS:**

The purchaser of a monthly installment purchase contract may select an extended monthly payment plan or may select a shorter five-year monthly payment plan. Our projected investment return is 6.75 percent per year and is included in the monthly purchase amounts in the price chart. A purchaser must make monthly payments as required. The purchaser must pay a \$15.00 late fee for each monthly purchase which is made after the monthly purchase due date. The purchaser must pay the monthly purchase amount and the applicable late fee within 30 days from the scheduled monthly purchase due date. A notice of delinquency will be sent listing the fees owed. Monthly purchases can be made by Automatic Clearing House (ACH), coupon book, or payroll deduction.

Monthly payments will begin March 15, 2006. Subsequent monthly payments are due on the 15th of each month. If the purchaser wishes to pay the entire balance due before the final monthly purchase amount is due, the Program will provide the purchaser an early payment discount of 3.375 % of the remaining balance.



### **CONTRACT TRANSFERABILITY TO FAMILY MEMBERS:**

The Program recognizes the importance of the ability to transfer all or a portion of the contract benefits. Under certain conditions, educational benefits may be transferred to an immediate family member up through first cousins as defined in this program description. However, educational benefits may not be transferred if any of the credit hours have been used by the beneficiary. To protect the Program, the transfer may be subject to an additional contract payment if the new beneficiary is older than the original beneficiary. No payment of any type can be made to anyone, except the Program, for transfer of a contract.

### **USE OF EDUCATIONAL BENEFITS:**

The purchaser must specify on the contract the academic year the beneficiary is expected to begin college pursuant to the price/plan chart. The date determines the period in which the beneficiary will have to use the educational benefits. Once the qualified beneficiary reaches college age, has been accepted and properly identified as a participant in the Program, the college or university will bill the Program directly for the payment of tuition.

Payment is then made directly to the college or university. The price for each contract as set forth on the payment and participation schedule is based on the date of anticipated matriculation of the qualified beneficiary. The qualified beneficiary has 10 years from this date to begin using the benefits of the contract, or until he or she reach the age of 30. Exceptions are granted for military service. The beneficiary must notify the Program 60 days before he or she is ready to begin college. A student handbook which contains the forms and instructions for activating a Program contract is sent to eligible beneficiaries in the spring of their senior year of high school. A beneficiary who advances through high school at an accelerated pace may use his or her educational benefits early. Benefits may be used up to 2 years in advance with prior notice to the Program office. Failure to completely exercise his or her rights under the contract within 10 years will result in the contract termination and a refund of the contract payments received, less the value of educational benefits or refund previously paid.

### **USING THE PROGRAM TO ATTEND OTHER COLLEGES:**

If the beneficiary chooses to go to a Nevada independent (private) college or university or to an out-of-state college, the Program may not cover full tuition at those institutions and, to that extent, the right to educational benefits may require the student to pay the difference. When students with a Program contract choose to attend a Nevada independent (private) or out-of-state college or university, the Program will make tuition payments based on the then-current price of tuition at a Nevada public college or university. If the student chooses not to attend college, the purchaser may request a refund based on the total amount paid in and received by the Program or transfer the contract to another qualified beneficiary.

### **TRANSFERRING BETWEEN COLLEGES AND UNIVERSITIES:**

Any beneficiary may transfer between Nevada schools by submitting an intent to enroll form to the Program office. If a beneficiary elects to attend an out-of-state school, an initial \$25 one-time fee will be charged to set up the initial payment process. Any future transfers to a different out-of-state school will also be charged an initial one-time \$25 fee.

### **RESPONSIBILITY FOR ACADEMIC ACHIEVEMENT:**

While this Program description outlines many of the responsibilities of the purchaser and beneficiary, the most important responsibility is the obligation of academic achievement. Educational benefits under the Program contracts are conditioned upon the beneficiary's acceptance at a college or university. The Program does not guarantee acceptance.

### **FINANCIAL AID:**

The purchase of a Program contract, like any other investment that is made in a child's name, may have an effect on the child's ability to receive various forms of financial aid. Currently, financial aid eligibility is based on a number of factors, including a family's size, income, assets, and the age of the parents. It cannot be determined what affect a Program contract may have on future financial aid eligibility until the beneficiary actually applies for financial aid. There are three major sources of financial aid: federal government, state government, and colleges and universities. Each entity has different rules regarding financial aid eligibility. Before a decision to purchase a Program contract is made, the purchaser may wish to check with these entities regarding how it affects financial aid eligibility.

### **TERMINATION REFUND PROVISIONS:**

To provide purchasers and beneficiaries flexibility, the contract provides detailed termination and refund provisions. A full refund of 100% of all funds paid and received by the Program, less any fees but with no additional interest (zero interest rate), will be issued upon receipt of a refund form available from our website:

**<http://NevadaTreasurer.gov>**. If the refund is requested due to death, disability or receipt of full scholarship, no termination fee will be charged with proper documentation of event. If the refund is requested for any other reason, a one-time \$100 termination fee will be charged. Refunds are processed immediately and normally received within 30 days of your request. The Board will annually review the actuarial report of the Trust Fund and may pay interest if it decides the Trust Fund has sufficient reserves to allow payment of interest. That interest rate may be zero (as it is at present) if the Board decides the Trust Fund reserve is not funded at the level it decides. In accordance with the Program rules, refund amounts are determined in the year the contract is terminated. Under the Program contract, the refund amounts do not change to reflect the tuition increases. A purchaser may enroll to acquire additional educational benefits during a future enrollment period at the new cost.

### **LOSS OF REFUNDS:**

The most significant restriction on termination of the Program contract is the provision which prohibits termination if the purchaser has provided fraudulent information on the enrollment form. The right to request a refund may be lost in instances of fraud.

### **TAX ISSUES:**

This tax discussion is included for general information only. Consult a tax advisor for advice on how the purchaser/beneficiary might be specifically affected as a result of program participation. The Program is a qualified state tuition program under Section 529 of the Internal Revenue Code. Under current federal tax law\*, the increase in the value of a Nevada Prepaid Tuition contract is not subject to federal income tax. If a refund is requested, the purchaser may owe federal tax on the interest received in the year the refund is processed. If a Program contract is terminated and the interest portion is not used to pay qualified higher education expenses, contract "earnings" (the value of the interest) could be subject to federal income taxes and a 10% federal excise tax penalty. The purchaser or person receiving the refund will be responsible for those taxes. If the contract is used for qualified higher education expenses, the difference between the purchase price and the amount paid out by the Program for tuition is not subject to federal income tax. In the event of the student's death, disability or receipt of a full scholarship that renders the Program benefits unusable, the purchase price of the contract will be refunded to the purchaser with interest determined annually by the Board based upon market conditions. Any interest will be ordinary income at the federal level in that tax year. Federal tax law also provides for favorable estate and gift tax treatment of qualified 529 tuition programs like the Nevada Prepaid Tuition Program. Please contact a tax advisor concerning the effect of a Nevada Prepaid Tuition contract purchase on your individual tax situation. The Nevada Prepaid Tuition Program staff cannot provide financial, tax or legal advice.

\*The Economic Growth and Tax Relief Reconciliation Act of 2001 (the "2001 Tax Act") passed by Congress in May 2001 contained new federal tax benefits for Section 529 qualified tuition programs like the Nevada Prepaid Tuition Program. The 2001 Tax Act went into effect on January 1, 2002. The 2001 Tax Act will "sunset" (automatically be repealed, restoring the law to its form prior to the enactment of the 2001 Tax Act) as of December 31, 2010, unless Congress acts to either extend or remove the "sunset" provision.





### **STATE INCOME TAX DEDUCTION:**

Nevada does not impose any state income tax.

### **THE HOPE SCHOLARSHIP/LIFETIME LEARNING CREDITS:**

The Hope Scholarship credit allows a credit against federal income tax of up to \$1,500 each year for qualified tuition and fees paid for the first two years of a student's post-secondary education. The Lifetime Learning credit allows a credit against federal income taxes equal to 20% of tuition and fees paid on behalf of the taxpayer, the taxpayer's spouse, or any dependent. Program benefits may not be used for the same expenses for which a Hope Scholarship or Lifetime Learning credit is claimed. There is also a deduction for up to \$4,000 for higher education tuition and fees available for federal income tax purposes. Subject to income limitations, the amount reflecting the cost of purchasing a Program contract, when used to pay tuition, may qualify for the tuition and fees deduction. The tuition and fees deduction cannot be claimed for any expense for which a Hope Scholarship or Lifetime Learning credit is claimed. You may purchase a Program contract and contribute to a Coverdell Education Savings Account (ESA) in the same year without penalty. These descriptions of the Hope Scholarship credit, Lifetime Learning credit, tuition and fees deduction, and Coverdell ESA are not exhaustive, therefore, you should consult with a tax advisor concerning specific questions on how the federal tax law may affect you.

### **FEDERAL GIFT TAX:**

A Program contract purchase may constitute a gift from the purchaser to the beneficiary. That gift does not require payment of any federal tax until the purchaser has made lifetime gifts in excess of the corresponding unified credit amount. (In 2005, the lifetime gift amount was \$1,000,000 for an individual.) The purchaser may file a Federal Gift Tax Return (Form 709) for the year the contract is purchased. A special election exists that allows the contributor to elect to prorate the entire taxable gift amount that exceeds the annual “present interest” gift tax exclusion limit. Participants are encouraged to seek advice from qualified tax advisors.

### **IMPACT ON MEDICAID ELIGIBILITY:**

Purchasing a Program contract could adversely impact your eligibility for federal and state health care assistance programs and, in particular, Medicaid long term care assistance. When determining Medicaid eligibility, it is probable that Medicaid authorities will consider the Program contract to be the purchaser’s “available” asset for up to 36 months after the contract’s purchase.

### **PROGRAM’S PRIVACY POLICY:**

The Board considers the privacy and security of your personal information to be a top priority. The Board will adhere to the following policy for the benefit of current and past account owners and beneficiaries. In administering the Program, the Board may collect the following types of personal information about you:

- \* Information received from you on your , communications, and other forms, such as your name, address, and Social Security number.
- \* Information the Board may acquire as a result of administering your account, such as transaction information and account balances.

The Board restricts access to this personal information to its employees and agents who need to know the information to provide you with the products and services you have requested. The Board may make additional disclosure of such information as permitted or required by law. The Board maintains appropriate physical, electronic, and procedural safeguards to protect personal information about you.

## **CREDITOR PROTECTION UNDER U.S. AND NEVADA LAWS**

New federal bankruptcy legislation excludes from property of the debtor's bankruptcy estate certain assets that have been contributed to a 529 Plan account. However, bankruptcy protection in this respect is limited and has certain conditions. For the 529 Plan account to be excluded from the debtor's estate, the account beneficiary must be a child, stepchild, grandchild, or step grandchild (including a legally adopted child or foster child) of the individual who files for bankruptcy protection. In addition, contributions made to all 529 Plan accounts for the same beneficiary are protected from becoming property of the debtor's estate as follows: (1) there is no exclusion for assets up to \$5,000 if they have been contributed less than 365 days before the bankruptcy filing; (2) 529 Plan account assets are excluded in an amount up to \$5,000 if they have been contributed between 365 and 720 days before the bankruptcy filing; and (3) 529 Plan accounts are fully excluded if they have been contributed more than 720 days before the bankruptcy filing. Federal bankruptcy law permits a debtor to exempt certain specified assets from liability notwithstanding the assets being property of the debtor's estate. If the debtor is domiciled in Nevada (as defined under bankruptcy law), Nevada law provides that up to \$500,000 of assets held in a 529 Plan account may be protected from creditors, depending upon when such assets were contributed to the account and whether they are eventually used to pay qualifying higher educational expenses of the account beneficiary. However, property of the debtor's estate are not exempt from debt for domestic support obligations. This information is not meant to constitute individual tax or bankruptcy advice, and you should consult with your own advisors concerning your individual circumstances.



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through February 28, 2006**





### **ARBITRATION:**

Any controversy or claim arising out of or relating to this contract, or the breach, termination, or validity thereof, shall be settled by arbitration administered by the American Arbitration Association (the “AAA”) in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The foregoing is a predisposed arbitration clause. By agreeing to an arbitration agreement, the purchaser and the other parties to this Agreement agree as follows: (a) All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the AAA; (b) Arbitration awards are generally final and binding; a party’s ability to have a court reverse or modify an arbitration award is very limited; (c) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings; (d) The arbitrators do not have to explain the reason(s) for their award; and (e) The rules of the AAA may impose time limits for bringing a claim in arbitration.

## **QUESTIONS AND ANSWERS**

### **GENERAL QUESTIONS**

**Q. How do I purchase a contract?**

A. It's easy. Just fill out the enclosed enrollment form, pay the non-refundable \$100 enrollment fee and mail it to the Program office, or enroll online at: <http://NevadaTreasurer.gov>. To ensure that you receive this year's prices, we must receive your enrollment form postmarked no later than February 28, 2006. For newborns (children less than one year of age), enrollment forms will be accepted throughout the fiscal year until June 30, 2006.

**Q. What will my contract cover?**

A. Your contract will provide payment of in-state undergraduate tuition charges imposed by any state community college or state university or college in Nevada. The contract may also be used to pay tuition costs at private or out-of-state colleges or universities, but will not pay more than the amount that would have been paid for in-state undergraduate tuition charges had your child attended a state community college or state university or college in Nevada. The contract does not provide for payment of application or entrance fees, parking fees, fines, technology fees, athletic fees, course-specific fees such as laboratory fees and studio fees, books, supplies, room or board, or the difference between in-state and out-of-state undergraduate tuition charges imposed on non-residents attending Nevada schools, even if the state community college, state university or college, or other eligible institutions requires all students to pay such charges.

**Q. Do I have to know what college my child will attend at the time of enrollment in the Program?**

A. No. Program funds can be used at any accredited college, community college or university nationwide. The Program will need a 60-day notice when your child enrolls in college before beginning to make payments to an out-of-state school.

**Q. Does the purchase of a contract ensure that my child will be admitted to a college or university?**

A. No. Your child must meet the admission requirements of the college or university.

**Q. Will I get an official document outlining the terms and conditions of my contract?**

A. Yes. The contract between the purchaser and the Program consists of the enrollment form submitted by the purchaser, this program description, and the payment and participation schedule. The provisions of NRS 353B and the regulations of the Board, as amended from time to time, are incorporated into and govern the interpretation and performance of the contract. You may access a copy of this program description online at our website:

**<http://NevadaTreasurer.gov>**, by calling toll-free 1-888-477-2667 or by writing: 555 E. Washington Avenue, Suite 4600, Las Vegas, NV 89101.

**Q. Will I receive information about my contract?**

A. Yes. Each year an annual statement will be sent to you showing the utilization of credit hours.

**Q. May two people jointly purchaser a contract?**

A. No. Only one purchaser is allowed and that person is the owner of the contract. Although anyone may make payments on a contract, only the purchaser of record may make decisions related to the contract (such as transfers, rollovers, and cancellation). The purchaser may designate an optional appointee who may have full rights to make decisions about the contract in the event of death or disability of the purchaser. Only the purchaser or the optional appointee may receive information about the contract. If the contract is cancelled, only the purchaser is entitled to the refund.

**Q. How does the Program pay for future tuition?**

A. The Board contracts with experienced money managers who invest the money paid by Program purchasers. The Program uses the funds and investment earnings to pay Program beneficiaries' tuition costs.



**Q. What if a Purchaser dies?**

A. If a purchaser of a contract dies, the optional appointee should notify the Program office by submitting a copy of the death certificate and the records will be changed to reflect the optional appointee as the new purchaser. If a purchaser dies and no optional appointee has been listed, the executor should contact the Program office. The executor of the estate may add an appointee to the contract, if necessary. If a purchaser of a monthly purchase contract in payment status dies the total monthly purchases received remain in the account and the optional appointee may continue making payments or request a full refund of all amounts paid and received by the Program. The optional appointee or the estate may pay the contract in full.

**Q. Who manages the Trust Fund investments?**

A. The Board contracts with GIF Services, LLC (GIF) which works with our Board to manage the Program investments. GIF is an SEC registered investment advisor that primarily provides a manager-of-managers investment product to public sector investors. GIF uses nationally recognized investment managers as sub-advisors to manage equities, fixed-income securities and alternative investments. As of July 1, 2005, the Trust Fund's assets were invested in fixed income securities, equities, and mutual funds. The Trust Fund's fixed income investments were invested in separately managed accounts. The Trust Fund's equity investments were invested in a diversified portfolio of no-load large-cap, small-cap and mid-cap mutual funds and in an institutional enhanced index product.

**Q. Do any other states offer a similar program?**

A. Yes. Twenty states have adopted similar prepaid programs and 50 states and the District of Columbia have adopted college savings programs. For more information on states with similar programs you may call the College Savings Plans Network at 1-877-CSPN-4-YOU (1-877-277-6496) or you may obtain information on the Internet at [www.collegesavings.org](http://www.collegesavings.org).

**Q. Does the state of Nevada offer any other education savings programs?**

A. Yes. The state of Nevada offers four other 529 college savings plans to encourage families to save for higher education: the Upromise College Fund, the Vanguard 529 College Savings Plan, the USAA College Savings Plan, and the Columbia College Savings Plan. Savings may be used for tuition, fees, room, board, books and equipment required for enrollment. Savings may also be used for graduate school. For more information visit our website at <http://NevadaTreasurer.gov> or call toll free 1-888-477-2667.

**Q. Is this Program a suitable investment for me?**

A. This Program may or may not be suitable for you. Please read the "Differences Between 529 Plans" section and talk to your financial or tax advisors before you make this decision.

**Q. Can another 529 program be used to purchase a Program contract?**

A. Yes. A rollover form may be submitted with the enrollment form.



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through February 28, 2006**





**Q. May a Program contract be rolled over to another Section 529 Program?**

A. Yes. The purchaser may rollover Program funds to another 529 program by withdrawing from the Program and investing the refund in another 529 program.



**ELIGIBILITY**

**Q. Who can be a qualified beneficiary?**

A. Any child who has not completed the ninth grade and is 18 years of age or less may be a qualified beneficiary. A substitute qualified beneficiary must be a qualified member of the immediate family. This includes, but is not limited to, brothers, sisters, stepbrothers, stepsisters, half-brothers, or half-sisters, of the original qualified beneficiary, up through first cousins.

**Q. May I purchase contracts for my nieces, nephews or grandchildren?**

A. Yes. You may purchase contracts for anyone, as long as either you or the qualified beneficiary meets Program residency requirements. Nevada Prepaid Tuition contracts make great gifts.

**Q. May I purchase a Contract for any child?**

A. Yes. All children who have not completed the ninth grade and are 18 years of age or less are eligible for the Program. Either the purchaser or qualified beneficiary must be a resident of Nevada at the time of enrollment into the Program. The child may be the minor child of a non-custodial parent who is a resident of Nevada. For instance, if a child's parents are divorced and the child lives in another state, but has a parent who lives in Nevada, a contract may be purchased for that child. Also, children of military personnel whose "home of record" is in Nevada are eligible. Purchasers who live out-of-state and hold a degree from a Nevada System of Higher Education institution as defined in this program description may enroll a child into the Program.

**Q. If I move out of state, do I lose the contract benefits?**

A. No. However, the qualified beneficiary must meet the Nevada college's residency requirements to qualify for in-state tuition rates.



**Q. May there be more than one qualified beneficiary on a contract?**

A. No. Each contract is limited to one qualified beneficiary. A separate enrollment form and \$100 enrollment fee are required for each child.

**Q. May more than one contract be purchased for the same qualified beneficiary?**

A. Yes. A second two-year contract may be purchased for a qualified beneficiary that already has either a community college plan or a two-year university plan. No more than two contracts totaling four years (120 semester credit hours) of tuition may be purchased for any one qualified beneficiary.

## **FLEXIBILITY**

**Q. If my child decides not to go to school, what can I do?**

A. You have three options:

1. Transfer the contract to another qualified beneficiary;
2. Keep the contract in effect. Your child has 10 years from the time they would have attended a college or university to begin using the benefits, or until they reach the age of 30;
3. Cancel the contract and request a refund.

The purchaser is always in control of the contract and may request a refund of the full amount at any time, or may designate a different beneficiary in the immediate family up through first cousins.

**Q. What happens if my child receives a full scholarship?**

A. If the scholarship renders the plan unusable, the purchaser may terminate the contract. The contract may be refunded or transferred to another qualified beneficiary at no additional fee. If the scholarship does not cover the same benefits as the contract, you may elect to use benefits as originally planned, or cancel the contract.

**Q. What if my student receives a partial or Merit Award Scholarship?**

A. Students who receive partial tuition scholarships, grants or other types of tuition assistance (including faculty/employee benefits paid by a public institution) may not need all of the educational benefits provided under the Program contract. The institution should invoice the Program for all credit hours for which a student enrolls. Any excess amount will be refunded to either the purchaser or the beneficiary.

**Q. What if the child for whom the contract is intended dies or becomes disabled?**

A. You have two options:

1. Transfer the contract to another qualified beneficiary;
  2. You may terminate the contract and receive a refund.
- No termination fee will be charged.

**Q. May I transfer the contract after my child begins using benefits?**

A. No. The contract cannot be transferred to another qualified beneficiary once your child begins using benefits. You may request a refund based on the money paid into the Trust Fund. Administrative fees, a \$100 one-time termination fee, and any money paid for tuition will be deducted.

**Q. May ownership of the contract be transferred?**

A. Yes. Ownership of the contract may be transferred by changing the purchaser. The initial purchaser must submit a notarized request to the Program. In the event of the death of the initial purchaser, the purchaser's appointee may request this change. After acceptance by the Program, a \$20 purchaser change fee will be assessed for each change per contract.



## **CONTRACT PURCHASE OPTIONS**

### **Q. What types of payment options are available?**

A. There are four options:

1. One lump-sum payment;
2. Equal monthly payments until the child reaches college age;
3. A five-year option of 60 equal monthly payments;
4. A minimum down payment of \$1,000 may be made to reduce your monthly payments.

The amounts to be paid vary depending upon the age/grade of the child. Each payment option is covered in this program description's price/plan charts.

### **Q. How are payments made?**

A. There are several payment options available. Monthly payments can be made by automatic deductions from your checking or savings account or by using a coupon book. Payroll deduction may be available from your place of employment. Visit our website: <http://NevadaTreasurer.gov> for a list of participating employers. The first payment will be due on March 15, 2006.

### **Q. If I choose to pay my contract by coupon book, do I mail my monthly payment to the Program Office?**

A. No. Contract payments should be mailed to the Program's payment center. Only correspondence should be mailed to the Program Office in Las Vegas. Mail payments to:

**Nevada Prepaid Tuition  
P.O. Box 52626  
Phoenix, AZ 85072-2626**

### **Q. What happens to the payments I make on my contract?**

A. Your payments are placed into the Nevada Higher Education Tuition Trust Fund, which is separate from the State's general funds. Trust Fund monies are invested by the State Treasurer. All investment gains generated from these investments are added back to the Trust Fund. Trust Fund monies may only be used for the payment of contract benefits and the operation of the Nevada Prepaid Tuition Program.

**Q. Why is the sum of monthly payments higher than the lump-sum purchase price?**

A. Monthly payments contain a 6.75% interest component to take into account the fact that the full purchase price is not available for immediate investment on your behalf. The interest rate component is part of the monthly payment of your contract and is included in all refund amounts.

**Q. May payment schedules be changed? For example, can I change from a five-year to an equal monthly payment option?**

A. Yes. Payment schedule changes are permitted. A \$20 payment-option change fee plus any interest lost if you convert up will be charged for each payment option change per contract.



**Q. If I select one of the monthly plans, can I pay off my contract at any time?**

A. Yes. It will be less than the total of your remaining payments because you will receive a 3.375% discount on the remaining balance. Please call the Program office toll-free at 1-888-477-2667 to request a payoff amount.

**Q. May I make a down payment to reduce the amount of my monthly payment?**

A. Yes. At the time of enrollment, you may make a down payment to reduce your monthly payment amount. Payments will be recalculated depending on the amount of the down payment and the plan/payment option chosen. A minimum of \$1,000 is required for a down payment.

**Q. May I make advance payments to reduce the remaining balance?**

A. Yes. As long as you have a current contract. When you make a payment which is greater than your monthly payment, it will be applied against future payments due.

**Q. If I submit a monthly purchase contract, when will my monthly purchases begin?**

A. If a monthly purchase contract is submitted between September 30, 2005 and February 28, 2006, the first monthly payment will be due March 15, 2006. For monthly purchase contracts for newborns submitted between February 28 and June 30, 2006, the first monthly payment will be due 60 days out from the time the enrollment form is accepted. The first payment due date will be specified on your payment and participation schedule.

**Q. Are there any charges for late payments?**

A. Yes. There is a charge of \$15 for each monthly payment received more than 15 days after the due date. If you fail to make a lump-sum payment by the due date, there is a \$15 charge for the 1st month then a charge for 1% of the remaining balance including outstanding fees for every 30 days thereafter.

### **MATRICULATION**

**Q. Will the Program cover tuition for a student who moves out-of-state after a contract has been purchased?**

A. Yes. Once your enrollment form to purchase a contract has been accepted, you may move out of Nevada and are still entitled to continue making installment payments to purchase your contract. All benefits will be paid exactly the same as if you remained a Nevada resident. Under the Program contract, the Program provides payment of in-state undergraduate tuition at a Nevada public university or college. Each university determines residency requirements. A student who moves out of the state of Nevada after the contract has been accepted and still wishes to utilize the tuition benefits may do so. In such cases, if the university deems the student an out-of-state resident, the Program will provide in-state tuition and the student will be responsible to pay the difference between the out-of-state and in-state tuition costs directly to the university or college.



**Q. What information will my child receive prior to attending college?**

A. In the spring of their senior year, a student handbook will be mailed to the qualified beneficiary and is also available on-line at <http://NevadaTreasurer.gov>.

**Q. Must a student use his or her Program contract immediately after high school graduation?**

A. No. The qualified beneficiary has 10 years after the projected college entrance date to begin using the benefits of the contract, or until they reach the age of 30. Exceptions are granted for military service. If the benefits are not used during that period, the purchaser may request a refund or transfer the account to a different beneficiary.

**Q. May a student attend a two-year community college, and then transfer to a four-year college or university?**

A. Yes. The unused benefit to pay tuition provided for under the contract may be used at a new college or university.

**Q. What if a student decides to attend a private college in Nevada, or an out-of-state college or university?**

A. The contract benefits may be used at any accredited college, community college or university. However, the tuition the Program will pay to any private or out-of-state college or university on a semester basis will be no more than the tuition the Program would have paid for in-state tuition charges had the student enrolled in a Nevada state community college or state university or college. The tuition paid may be less than the actual tuition cost of such college or university. The purchaser will be responsible for payment of any difference in the actual tuition cost and the tuition benefit paid under the contract.

**Q. May Program students attend any Nevada public university or college?**

A. Yes. Program benefits may be used at any Nevada public university or college upon the student meeting that institution's admission standards. The Program does not guarantee that a student will be admitted to any Nevada university or college.





**Q. What procedures are used by the Program when making payments to colleges or universities?**

A. Once the qualified beneficiary reaches college age, has been accepted and properly identified as a participant in the Program, the college or university will bill the Program directly for the payment of tuition. Payment is then made directly to the college or university.

**Q. What is required for my child to attend a private or out-of-state college or university?**

A. The Program needs 60 days advance notice for payment to be made to an out-of-state university. A \$25 private/out-of-state processing fee is assessed for the first term that benefits are paid to a private/out-of-state university or college.

**Q. Can the qualified beneficiary use contract benefits to take accredited college courses while attending high school?**

A. Yes. If the contract is paid in full, a high school junior or senior may attend a college or university prior to completing high school. They must notify the Program by submitting an intent to enroll form 60 days prior to using benefits.

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**Q. Can the amount to be paid to a private or out-of-state university be determined?**

A. Yes. Upon request, the Program will provide the amount of tuition per quarter or semester hour. The average tuition is established by January of each year, and will reflect the previous year's increases.

**Q. What are the mandatory fees?**

A. Mandatory fees are those required to be paid by all students attending a particular university/college. The Program only pays for tuition and does not cover any mandatory fees. Application fees, health fees, technology fees, parking fees, etc. are not covered. Also, the Program does not pay for room and board or books.



**Q. Can credit hours be applied to Graduate School or Advanced Programs?**

A. No. The Program contracts are designed to cover undergraduate tuition credit hours only. Nevada 529 college savings plans may be applied to graduate school expenses.

**Q. What if my student's major requires more than 120 credit hours?**

A. There are some standard four-year baccalaureate degrees which require more than 120 credit hours. The Program will only pay for a maximum of 120 credit hours or 60 credit hours, depending on the type of contract you purchase.

## **REFUNDS & CANCELLATIONS**

**Q. May I cancel my contract?**

A. Yes. Participation in the Program is voluntary, and the contract may be cancelled at any time by requesting a refund in writing. The contract may also be cancelled for non-payment or due to fraudulent information on the enrollment form.

**Q. If I cancel or ask for a refund, may I get back into the program at a later date at the same price?**

A. No. However a person may re-enter the Program at a future time by purchasing a new contract. It is likely that the costs will be higher at the time of re-entry. For this reason, it is advantageous to remain in the Program once a contract is established.

**Q. Who can terminate a Program contract?**

A. Only a purchaser or optional appointee (upon the death or disability of the purchaser) may terminate a contract. Therefore, neither the student nor another family member can terminate a Program contract for any reason.

**Q. If I cancel my contract, will I get a refund?**

A. Yes. You're entitled to a refund of money paid into the Trust Fund. Contract administrative fees, which include voluntary termination fees and other contract-related fees, are subtracted from the total amount paid into the contract to determine the amount to be refunded. The voluntary termination fee is \$100. Interest is paid on refunds at a rate set annually by the Board (currently zero percent).

**Q. If the purchaser terminates the contract, will there be a lump sum refund?**

A. Yes. Pursuant to the Program rules, termination refunds may be made for any type of contract. A lump sum refund will be provided upon death, disability or receipt of a full scholarship of the beneficiary without the assessment of any fee. A one-time termination fee of \$100 will be assessed for any other type of termination.

**Q. What provisions can be made if the purchaser terminates the contract for a refund for any reason and later the student decides to attend a college or university?**

A. None. The Program contract does not permit the reinstatement of a contract once it has been terminated and a full or partial refund has been made.



### **TAX QUESTIONS**

**Q. What are the tax consequences of the Contract benefits?**

A. Withdrawals used to pay for qualified higher education expenses are free from federal income tax, so all money will go toward paying for college and not taxes. The Economic Growth and Tax Relief Reconciliation Act of 2001 (the “2001 Tax Act”) passed by Congress in May 2001 contained new federal tax benefits for Section 529 qualified tuition programs like the Nevada Prepaid Tuition Program. The 2001 Tax Act went into effect on January 1, 2002. The 2001 Tax Act will “sunset” (automatically be repealed, restoring the law to its form prior to the enactment of the 2001 Tax Act) as of December 31, 2010, unless Congress acts to either extend or remove the “sunset” provision.

**Q. Are Program purchases made with pre-tax or after-tax dollars?**

A. When purchasing a Program contract you are using after-tax dollars.

## **CONTRACT TERMS**

### **SECTION 1.**

#### **DEFINITIONS**

(a) “Academic Year” means the undergraduate school year beginning the first semester, term, or quarter after July 15 of any year.

(b) “Act” means Senate Bill 271 of the 1997 Nevada Legislature, which was enrolled and codified into Nevada Revised Statutes Chapter 353B containing Program provisions.

(c) “Annual Tuition Cost” means a figure determined by the Nevada System of Higher Education Board of Regents to pay for the annual undergraduate tuition at Nevada colleges and universities.

(d) “Annual Undergraduate Tuition Cost” means a figure determined by the Nevada System of Higher Education Board of Regents to pay for the annual undergraduate tuition at Nevada colleges and universities.

(e) “Appointee” means the optional person designated by the purchaser in the contract to receive correspondence and/or a refund and have full ownership rights for the contract in case of the death or disability of the purchaser.

(f) “Beneficiary” or “Qualified beneficiary” means the child designated in the Program contract enrollment form to receive the benefits of the Program.

(g) “Board” means the Board of Trustees of the College Savings Plans of Nevada.

(h) “Community College” means an educational institution which grants a two-year associate degree.

(i) “Contract” means this Program contract.

(j) “Disabled” or “Disability” means a limitation of an individual’s physical or mental learning ability resulting from an injury or disease which renders the individual incapable of participating in higher education.

(k) “Fiscal Year” means the time period from July 1 to June 30th of each year.

(l) “Higher Education Institution” means a public educational institution, an independent, degree granting college or university or an out-of-state institution of higher education.

(m) “Higher Education Tuition Trust Fund” means the Higher Education Tuition Trust Fund (Trust Fund) which contains all Program assets and pays benefits.

(n) “Immediate Family” means the spouse, mother, father, brother, sister, legally adopted brother or sister, child, legally adopted child, niece, nephew or cousin of the first degree of the beneficiary.

(o) “Independent, Degree-granting College or University” means a non-profit, non-public, associate or baccalaureate degree-granting higher education institution approved by the State Board of Education and located in the state.

(p) “In-State Tuition Rate” means the tuition rate charged a student who meets the in-state residency requirements of a particular Nevada state institution of higher education.

(q) “Mandatory Fee” means any fee, other than charges for tuition credit hours, which a public educational institution requires all students to pay as a condition of enrollment, such as registration fees, health fees or technology fees. These examples are not all inclusive of fees. No fees are covered by this Program. Only tuition is a covered benefit of this Program.



(r) “Monthly Purchase” means the monthly installment payment plan amount to be remitted monthly to the Program.

(s) “Monthly Purchase Amount” means the monthly dollar amount specified by the Program for payment of a monthly purchase contract.

(t) “New beneficiary” means an individual who is an immediate family member to whom contract rights have been transferred.

(u) “Out-of-State Institution of Higher Education” means one of the following: (i) A non-profit, baccalaureate degree-granting college or university located outside this state that has a federal school code and is eligible to participate in the United States Department of Education student aid programs. (ii) A proprietary baccalaureate degree-granting college or university located outside this state that has a federal school code and is eligible to participate in United States Department of Education student aid programs (iii) A community or junior college located outside this state that has a federal school code and is eligible to participate in United States Department of Education student aid programs.

- (v) "Person" means an individual who is a resident of the United States, or a partnership, trust, association, corporation, or governmental subdivision existing under the laws of the United States or any state of the United States.
- (w) "Plan" means the type of tuition contract purchased.
- (x) "Prepaid Tuition Amount" means the lump sum paid less the enrollment fee or the accumulated amount of all monthly purchase amounts received by the Program under the contract, less the one-time \$100 enrollment fee and any other administrative fees.
- (y) "Program" means the Nevada Prepaid Tuition Program.
- (z) "Public Educational Institution" means a state institution of higher education or a community college.
- (aa) "Purchaser" means the person named in the contract. If the purchaser is a natural person, he or she must be 18 years of age or older, or a trustee, or a designated custodian or minor under the Uniform Transfers to Minors Act, or be represented by a court appointed or approved conservator or guardian.
- (bb) "Resident" means an individual who is domiciled in the state of Nevada.
- (cc) "State" means the state of Nevada.
- (dd) "State Institution of Higher Education" means a college or university which is part of the Nevada System of Higher Education or any four or two-year degree-granting institution established by the State in the future as a state institution of higher education.
- (ee) "Termination" means a discontinuation of the right to receive educational benefits at a public educational institution.
- (ff) "Total Contract Price" means, when referring to this contract, the accumulated amount of all monthly purchase amounts or, when referring to lump sum contracts which have the total contract price set forth in the contract, the amount of the contract or, if incorrect, the amount that should have been in the contract.
- (gg) "Transfer" means moving contract rights from the beneficiary to a new beneficiary.
- (hh) "Trust Fund" means the Nevada Higher Education Tuition Trust Fund.
- (ii) "Tuition" means the undergraduate tuition credit hour semester charges imposed to attend a public educational institution, excluding mandatory fees or any other fees.
- (jj) "University" means an educational institution which grants a four year baccalaureate degree.



## **SECTION 2.**

### **PROGRAM'S OBLIGATIONS**

#### **FOUR-YEAR UNIVERSITY CONTRACT 120 CREDITS**

Upon the Program's acceptance of the contract and the beneficiary's enrollment at a public educational institution, the Program will pay for 120 credit hours required for a four-year baccalaureate degree at the beneficiary's public educational institution at the in-state tuition rate. The Program agrees to pay these educational benefits from the assets of the plan. (1) The Program will stop providing benefits under this contract when the program has paid the 120 credit hours purchased, regardless of the number of credit hours the beneficiary has accumulated toward graduation at his or her public educational institution. The beneficiary can accumulate fewer credit hours than the Program has paid if the beneficiary drops classes, fails classes, repeats classes, takes classes at another public educational institution which do not transfer to the beneficiary's public educational institution or for other reasons. A standard baccalaureate degree usually consists of 120 semester credit hours (or, on average, 30 credit hours each year). (2) The Program will only pay educational benefits and provide refunds under the contract from the assets of the plan. The ability of the Program to pay benefits and provide refunds under the contract is not guaranteed by the state of Nevada.



### **TWO-YEAR UNIVERSITY CONTRACT 60 CREDITS**

Upon the Program's acceptance of the contract and the beneficiary's enrollment at a public educational institution, the Program will pay for 60 credit hours required towards a four-year baccalaureate degree at the beneficiary's public educational institution at the in-state tuition rate. The Program agrees to pay these educational benefits from the assets of the plan. All remaining provisions of the four-year university contract as listed above will apply to the two-year university contract.

### **TWO-YEAR COMMUNITY COLLEGE CONTRACT 60 CREDITS**

Upon the Program's acceptance of the contract and the beneficiary's enrollment at a public educational institution, the Program will pay for 60 credit hours required for a two-year associate degree at the beneficiary's public educational institution at the in-state tuition rate. The Program agrees to pay these educational benefits from the assets of the plan.

### **COMBINATION TWO-YEAR COMMUNITY COLLEGE AND TWO-YEAR UNIVERSITY CONTRACT 120 CREDITS**

Upon the Program's acceptance of the contract and the beneficiary's enrollment at a public educational institution, the Program will pay for 60 credit hours required for a two-year associate degree at the beneficiary's public educational institution at the in-state tuition rate. The Program will then pay for 60 credit hours required for a four-year baccalaureate degree at the beneficiary's public educational institution at the in-state tuition rate. The Program agrees to pay these educational benefits from the assets of the plan. All remaining provisions of the university and community college contract as listed above will apply to the combination two-year community college contract and two-year university contract.



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### **SECTION 3.**

#### **PAYMENT AND PARTICIPATION SCHEDULE**

(a) Contract Acceptance: The Program has no obligation to the beneficiary until it accepts this contract. The Program will accept this contract only after it receives: (1) a properly completed enrollment form from the purchaser, who must be 18 years of age or older, a designated custodian under the Uniform Transfers to Minors Act (UTMA) (who may name the minor as the purchaser) or a court appointed conservator or guardian, and (2) payment of the enrollment fee which must be in the form of a personal check, credit card, automatic withdrawal, cashier's check, certified check, or money order payable to the Program.

(b) Payment and Participation Schedule: the Program will send a payment and participation schedule to the purchaser by March 15, 2006. If the purchaser does not receive this schedule, the purchaser should notify the Program.

#### **FOR LUMP SUM CONTRACTS:**

(c) Insufficient Payment: If the purchaser pays less than the total prepaid tuition amount and one-time enrollment fee due for this contract, the Program will notify the purchaser. If the Program sends a notice, the purchaser shall advise the Program by mail that he or she will do one of the following: (1) enclose payment; (2) pay the additional amount necessary to purchase the number of semesters specified in the enrollment form, or (3) withdraw the contract offer. The Program will then return to the purchaser the amount paid by the purchaser (without interest). If the Program does not receive instructions and payment (if appropriate) from the purchaser within 30 business days of the date notice is sent, the Program shall terminate the contract.

#### **FOR MONTHLY INSTALLMENT PURCHASE CONTRACTS:**

(d) Monthly Purchase Amounts: If the monthly purchase option is selected, the purchaser will pay by submitting monthly purchase amounts to the Program. If the Program accepts the contract, the Program will advise the purchaser of the terms of the contract, the monthly purchase amount, and the dates the monthly purchase amounts are due. Monthly purchase amounts include 6.75% rate of return, therefore the total amount paid will be more than if paid by lump sum. The purchaser may submit monthly purchase amounts early.

- (e) Acceptance Of Payment: Upon acceptance of a monthly purchase amount, the Program will record that in the purchaser's account.
- (f) Late Payments: If a monthly purchase amount is not paid by its due date, the Program will accept the payment only if it is made within 30 days of the due date and is accompanied by a \$15.00 late fee. Additional late fees of \$15.00 apply to each month the payment is late.

#### **FOR EARLY PAY-OFF ON CONTRACTS:**

- (g) The purchaser may pay the contract in full by submitting all unpaid monthly purchase amounts to the Program. If the purchaser pays the entire balance due in advance, the Program will provide the purchaser an early payment discount of 3.375%.
- (h) Contract Term: The term of monthly purchases must end before the academic year the beneficiary is projected to attend a higher education institution.

### **SECTION 4.**

#### **MAXIMUM AMOUNT OF BENEFITS**

A beneficiary may not accumulate more than 120 credit hours of prepaid tuition benefits.

### **SECTION 5.**

#### **NOTIFICATION OF INTENT TO RECEIVE EDUCATIONAL BENEFITS**

- (a) A beneficiary who intends to begin using educational benefits at the start of an academic year must notify the Program by returning the Intent to Enroll form by June 15th prior to that academic year. The Intent to Enroll form is available on our website at: **<http://NevadaTreasurer.gov>**. It will also be mailed to the beneficiary in the Spring of their senior year.
- (b) A beneficiary who intends to begin using educational benefits other than at the start of an academic year must submit a written request to receive benefits at least 60 days before the requested commencement date.

## **SECTION 6.**

### **TRANSFER TO AN IMMEDIATE FAMILY MEMBER**

Any unused educational benefits may be transferred, with the Program's written approval, to an immediate family member, if: (1) the beneficiary dies or becomes disabled, or (2) the purchaser requests a transfer. The transfer shall be subject to: (1) payment of a transfer fee, if any, and (2) payment to the Program of the amount necessary to reimburse the Program for any additional expense or loss of income associated with the transfer to an older beneficiary. If a contract is transferred to an older beneficiary who was ineligible for a contract when the contract was purchased, the transfer may not be approved.

## **SECTION 7.**

### **CHANGE OF ADDRESS**

The purchaser shall notify the Program in writing of any change of address of the purchaser, the beneficiary or the optional appointee. The change of address form is available on the Program's website: <http://NevadaTreasurer.gov>

## **SECTION 8.**

### **TERMINATION AND REFUNDS**

Reasons For Termination:

(a) Voluntary Termination: This contract may be terminated upon written request to the Program by the purchaser (or, in the case of death or disability of the purchaser, the optional appointee). The Program will refund the amount paid by the purchaser less any outstanding fees and educational benefits used. A \$100.00 termination fee will be charged.

(b) The beneficiary has died, has become disabled, or receives a full scholarship. The Program will issue a refund of the amount paid into the contract less any educational benefits used. No termination fee will be charged.

(c) Non-payment. The Program will terminate the contract and no refund will be issued if the purchaser fails to make the necessary payments and the fees outstanding exceed the amount paid.



(d) Maximum years or age to use benefits exceeded. The beneficiary has 10 years after the projected college entrance date to begin using the benefits of the contract, or until they reach the age of 30. At that time, the Program will pay the purchaser a refund to the extent the amount paid into the contract exceeds any educational benefits or refund paid under the contract.

(e) Fraud: The Program will terminate the contract and refund the amount paid by the purchaser less a termination fee and educational benefits used if any of the following have been fraudulently stated on an enrollment form or otherwise:

- (1) the age of the beneficiary;
- (2) the grade of the beneficiary;
- (3) the academic year which the beneficiary is to receive benefits under the contract;
- (4) the residency of the purchaser at the time the contract is submitted to the Program, or
- (5) other matters as determined by the Board.

(f) Actuarial Unsoundness: To protect purchasers and beneficiaries, an actuarial review of the plan shall be made annually. If a nationally recognized actuary determines that program does not have sufficient funds to ensure the actuarial soundness of the plan and the Board determines that there are insufficient numbers of new contracts to ensure the actuarial soundness of the Program, the Program may terminate all contracts and prorate the assets of Program among the existing contracts. If the Program is liquidated, the amount to be returned is uncertain and could be less than the prepaid tuition amount. Upon termination pursuant to this subsection, the Program may stop providing educational benefits from the Program and will pay refunds determined as follows:

- (1) The Program will calculate the contract's "asset value," which is the amount paid by the purchaser less any educational benefits or refunds paid by the Program;

(2) The refund will be a percentage of the amount of the total plan assets after liquidating all of the plan investments. The percentage is determined by dividing the asset value of this contract by the asset value of all plan contracts. The refund shall be applied, at the option of the purchaser, either toward the purposes of this contract for the beneficiary or paid to the purchaser.

## **SECTION 9.**

### **ANNUAL REPORT**

The Program will have an accounting of Trust Fund assets prepared annually and make it available to the public on its website:  
**<http://NevadaTreasurer.gov>.**

## **SECTION 10.**

### **CONTRACT NOT SUBJECT TO JUDGMENT OR ATTACHMENT**

It is the intent of the parties that this contract shall not be subject to any judgment or attachment against the purchaser, the beneficiary, or any other person.

## **SECTION 11.**

### **CHECK WRITER NOTICE**

If you provide your monthly payment to the Program office in Las Vegas rather than the payment center at P.O. Box 52626, Phoenix, AZ 85072-2626, we will convert your check to an electronic ACH debit. By providing us your check, you authorize us to make a one-time electronic fund transfer from your account. Funds may be withdrawn the same business day we receive your check. You will not receive a copy of your check in your bank statement. The amount, date, and description of the check will appear as a debit memo on your bank statement.

## **SECTION 12.**

### **GENERAL TERMS**

- (a) This contract is offered pursuant to the act and the administrative rules promulgated under the act. This contract should be read so that it meets the requirements of Section 529 on the United States Internal Revenue Code, any successor provision, and any applicable Internal Revenue Service Regulation.
- (b) Nothing in the act or this contract shall be construed as a promise or guarantee by the Program or the state that a beneficiary will be admitted to any, or a particular, public educational institution, will be allowed to continue to attend a public educational institution after having been admitted, or will graduate from a public educational institution.
- (c) This contract may not be sold for any reason. This contract may not be used as security for any loan.
- (d) The purchaser may change the appointee upon written request to the Program.
- (e) This contract represents the entire understanding of the parties to this contract and may not be modified except in writing signed by the purchaser and an authorized Program representative.
- (f) If any portion of this contract shall be found to be invalid or unenforceable by any court, that portion shall be severed from the contract and the remainder of the contract will remain in full force.
- (g) The captions in this contract are for convenience only and in no way limit the intent of any provision of this contract.
- (h) This contract is to be interpreted under the laws of the state.



**Enroll Online at: <http://NevadaTreasurer.gov>  
through February 28, 2006**

## **TUITION COSTS:**

### **NEVADA PUBLIC 4-YEAR UNIVERSITIES**

University of Nevada, Las Vegas and University of Nevada, Reno

2005: \$98.00 per credit hour

2004: \$91.00 per credit hour

2003: \$85.00 per credit hour

2002: \$79.00 per credit hour

2001: \$76.50 per credit hour

2000: \$74.00 per credit hour

1999: \$71.50 per credit hour

1998: \$69.00 per credit hour



### **NEVADA COMMUNITY COLLEGES**

Community College of Southern Nevada, Truckee Meadows

Community College, Western Nevada Community College,

Great Basin College (lower division courses only)

2005: \$50.75 per credit hour

2004: \$49.00 per credit hour

2003: \$47.25 per credit hour

2002: \$44.50 per credit hour

2001: \$44.00 per credit hour

2000: \$42.50 per credit hour

1999: \$41.00 per credit hour

1998: \$39.50 per credit hour





[illegible]



# N E V A D A P R E P A I D T U I T I O N

## P R I C E S

### Four Year University

FALL 2005

		Extended Monthly Payment Plan		Five Year Payment Plan	
Grade	Lump Sum Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
9	\$16,200	41	\$441	n/a	n/a
8	16,150	53	351	n/a	n/a
7	16,100	65	295	60	\$315
6	16,050	77	256	60	314
5	16,000	89	228	60	313
4	15,950	101	206	60	312
3	15,900	113	189	60	311
2	15,850	125	176	60	310
1	15,800	137	165	60	309
K	15,750	149	155	60	308
Age 4/5*	15,700	161	147	60	307
Age 3	15,650	173	141	60	306
Age 2	15,600	185	135	60	305
Age 1	15,550	197	130	60	304
Newborn	15,500	209	125	60	303

### Two Year Community College/ Two Year University

		Extended Monthly Payment Plan		Five Year Payment Plan	
Grade	Lump Sum Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
9	\$11,925	41	\$325	n/a	n/a
8	11,880	53	259	n/a	n/a
7	11,835	65	217	60	\$232
6	11,790	77	188	60	231
5	11,745	89	168	60	230
4	11,700	101	152	60	229
3	11,655	113	139	60	229
2	11,610	125	129	60	228
1	11,565	137	121	60	227
K	11,520	149	114	60	226
Age 4/5*	11,475	161	108	60	225
Age 3	11,430	173	103	60	224
Age 2	11,385	185	99	60	223
Age 1	11,340	197	95	60	222
Newborn	11,295	209	92	60	222

\*Five year olds **not** entering kindergarten as of September 30, 2005, v

# N P R O G R A M

## A N D P L A N S

### Two Year University

		Extended Monthly Payment Plan		Five Year Payment Plan	
Grade	Lump Sum Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
9	\$8,100	41	\$221	n/a	n/a
8	8,075	53	176	n/a	n/a
7	8,050	65	148	60	\$158
6	8,025	77	129	60	158
5	8,000	89	115	60	157
4	7,975	101	104	60	157
3	7,950	113	95	60	156
2	7,925	125	89	60	156
1	7,900	137	83	60	155
K	7,875	149	78	60	155
Age 4/5*	7,850	161	74	60	154
Age 3	7,825	173	71	60	154
Age 2	7,800	185	68	60	153
Age 1	7,775	197	66	60	153
Newborn	7,750	209	63	60	152

### Two Year Community College

		Extended Monthly Payment Plan		Five Year Payment Plan	
Grade	Lump Sum Payment	Number of Payments	Monthly Amount	Number of Payments	Monthly Amount
9	\$3,825	41	\$105	n/a	n/a
8	3,805	53	84	n/a	n/a
7	3,785	65	70	60	\$75
6	3,765	77	61	60	75
5	3,745	89	54	60	74
4	3,725	101	49	60	74
3	3,705	113	45	60	74
2	3,685	125	42	60	73
1	3,665	137	39	60	73
K	3,645	149	37	60	72
Age 4/5*	3,625	161	35	60	72
Age 3	3,605	173	34	60	72
Age 2	3,585	185	32	60	71
Age 1	3,565	197	31	60	71
Newborn	3,545	209	30	60	71

will follow the Age 4/5 pricing.





**Brian K. Krolicki**

**State Treasurer**

**Nevada Prepaid Tuition Program**

**555 E. Washington Avenue**

**Suite 4600**

**Las Vegas, NV 89101**

**1-888-477-2667 Toll Free**

**702-486-2025 in Las Vegas**

**<http://NevadaTreasurer.gov>**